BC Timber Sales

ANNUAL PERFORMANCE REPORT

April 1, 2013 – March 31, 2014

ECONOMIC PROSPERITY - SUSTAINABLE RESOURCES - EXCELLENCE

BRITISH COLUMBIA

Ministry of
Forests, Lands and
Natural Resource Operations

BCTS
BC Timber Sales
2003 10 2013

Table of Contents

Highlights of the Year	3
Organizational Overview	4
Report on Performance	6
Economic Prosperity	
Providing a Credible Reference Point	10
Providing a Reliable Supply of Timber	12
Maximizing Net Revenue for the Province	15
Overarching Principles: Safety and Sound Forest Management	
Sustainable Resources	19
People & Organizational Excellence - Safety	23
Effective Relationships	26
High Performing Organization	28
Report on Resources	
Appendix 1: 2013/14 Income Statement	33
Appendix 2: Financial Results – Selected Balance Sheet Items	34
Appendix 3: Resource Summary	35
Appendix 4: Historical Resource & Performance Summary	36
Appendix 5: Glossary	37

HIGHLIGHTS OF THE YEAR

- Demand was less than forecasted which adversely impacted timber volume sold and harvested for the year
- BC Timber Sales exceeded it Net Revenue target for the year by $47.8 million.
- A combination of operational issues and a lack of resources prevented the achievement of our timber volume developed and volume advertised targets.
- Overall BC Timber Sales only achieved 53% of its performance measure targets.
- 100% of BC Timber Sales' operational area is now certified under a Sustainable Forest Management system.
- BCTS Seedling Services provided 24.2 million seedlings for the Forests for Tomorrow program and Districts.
- Seedling Services acquired 255 kilograms of seed and provided 35.2 million seedlings for our obligations.
- BC Timber Sales planted 33.4 million seedlings to address silviculture obligations.
- Our SAFE Company certification was extended through 2015 and we decreased our Medical Incident Rate.
- BC Timber Sales continued to build and maintain relationships with stakeholders entered into 16 new agreements bring the total number of agreements to 85.
- The BC Timber Sales Lean Continuous Improvement Framework and Strategy was developed and approved for implementation to increase the effectiveness of practices and processes.

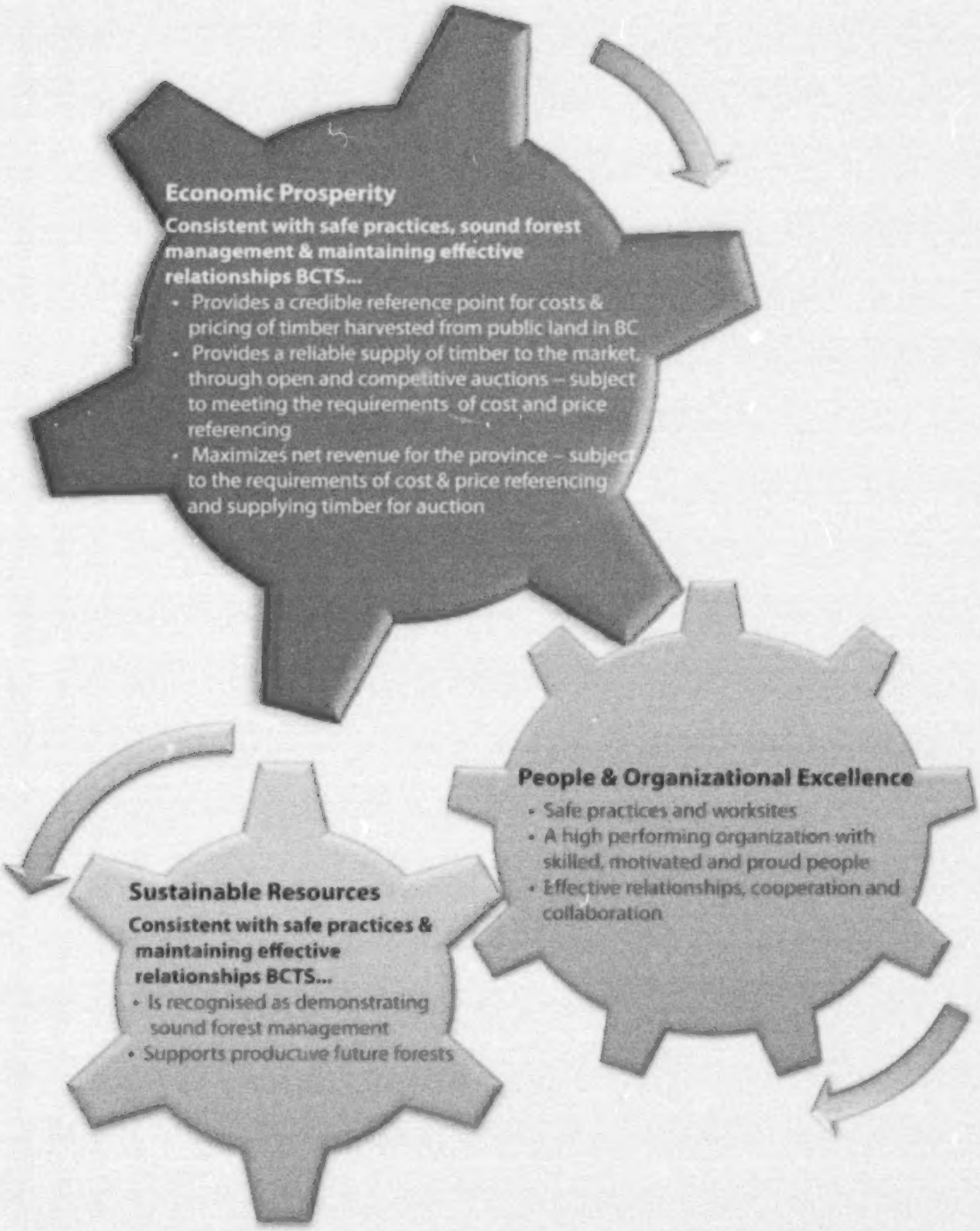
ORGANIZATIONAL OVERVIEW

BC Timber Sales is an autonomous program within the Ministry of Forests, Lands and Natural Resource Operations with financial and operational independence. BC Timber Sales has an integral role in supporting the Forest Sector Strategy in the BC jobs Plan and supports the Ministry's objective to "Generate revenue from B.C.'s natural resources."

BC Timber Sales provides these benefits by planning and developing, and selling through auction, a substantial and representative portion of the province's annual available timber volume. The bid prices received from auctioned timber drive the Market Pricing System (MPS) for setting stumpage in coastal and interior operating areas of the province. BC Timber Sales costs of developing timber and regenerating sites also provide data for the Tenure Obligation Adjustment, contributing another integral part of the MPS.

Despite its operational and financial independence, BC Timber Sales remains a proud part of the Forest Service and maintains mutually productive and beneficial relations with all other parts of the Ministry of Forests, Lands and Natural Resource Operations.

Since inception BC Timber Sales has made a significant contribution to the economic prosperity of rural economies, supporting jobs and families by competitively auctioning over 151 million cubic metres of timber, directly purchasing over $1.2 billion in services, and earning over $440 million in net revenue for the Province. In addition, our licensees have harvested over 120 million cubic metres of timber supporting 12,200 direct and 11,000 indirect jobs throughout the province.


Economic Prosperity
Consistent with safe practices, sound forest management & maintaining effective relationships BCTS...
• Provides a credible reference point for costs & pricing of timber harvested from public land in BC
• Provides a reliable supply of timber to the market, through open and competitive auctions – subject to meeting the requirements of cost and price referencing
• Maximizes net revenue for the province – subject to the requirements of cost & price referencing and supplying timber for auction
People & Organizational Excellence
• Safe practices and worksites
• A high performing organization with skilled, motivated and proud people
• Effective relationships, cooperation and collaboration
Sustainable Resources
Consistent with safe practices & maintaining effective relationships BCTS...
• Is recognised as demonstrating sound forest management
• Supports productive future forests

BC Timber Sales has four goals and three principles in its Business Plan organized under three high level outcomes – ***Economic Prosperity, Sustainable Resources and People & Organizational Excellence***.

REPORT ON PERFORMANCE

BC Timber Sales has four business goals:

Consistent with safe practices, sound forest management, maintaining effective relationships, & the pursuit of excellence, BC Timber Sales...

1. Is a high performing organization with skilled, motivated, & proud people.
2. Provides a credible reference point for costs and pricing of timber harvested from public land in British Columbia.
3. Provides a reliable supply of timber to the market, through open and competitive auctions - subject to meeting the requirements of cost and price referencing as stated in Goal 2.
4. Maximizes net revenue for the province - subject to the requirements of cost and price referencing as stated in Goal 2 and supplying timber for auction as stated in Goal 3.

We measure our success in achieving our business goals through three key outcome indicators.

Table 1 – BC Timber Sales Key Outcome Indicators

BCTS Key Performance Indicators		Results
BC Timber Sales timber volume advertised as a percentage of the projected provincial harvest volume	⇨	U
Volume of timber sold	⇨	U
Net revenue earned	⇨	O

A = Achieved target
O = Over achieved target
S = substantially achieved target
U = under achieved target
N/A = Not Applicable

REPORT ON PERFORMANCE

In fiscal year 2013/14, BC Timber Sales had objectives that supported the achievement of its principles and goals. Success in achieving these objectives is measured through performance measures. Table 2 below provides a synopsis of our performance for fiscal year 2013/14.

Overarching Principles/Goals	BCTS Key Objectives	Measures	Result
Provide a credible reference point for costs and pricing of timber harvested from public land in British Columbia.			
	BCTS data are complete, accurate, reliable and verifiable.	DQMS Developed	S
	Timber sales sold through auction, in total, provide the Ministry with sufficient data to support the Market Pricing System	Percent of BCTS auction volume harvested compared to that of Major Licensees (for each significant species and grade)	A
Provide a reliable supply of timber to the market, through open and competitive auctions - subject to meeting the requirements of cost and price referencing			
	Develop sufficient timber to optimize timber volume offered	Timber Volume Developed	U
	The volume of timber supplied to the market by BC Timber Sales is reliable	Percent of timber volume advertised in the quarter planned	U
Maximize net revenue for the province - subject to the requirements of cost and price referencing and supplying timber for auction			
	Increase or maintain gross profit margin	Gross Profit Margin per cubic metre harvested	O
	Increase efficiency and cost effectiveness to control or reduce period costs while maintaining customer value	Period costs (capitalized) per cubic metre of volume harvested	A
	Maximize revenue and pursue business opportunities to increase revenues	Gross Revenue	O

Sustainable Forest Management				
	Recognized as demonstrating sound forest management	Percent of timber volume certified under a SFM system		A
	Deliver on stewardship obligations	Number of EMS/SFM external audit major non-conformances		U
	Productive future forests	Hectares of Ministry NSR planted		U
Forest Sector Safety				
	Safe BCTS practices and worksites	Medical Incidence Rate (MIR) per 100 FTEs		A
	Improve safety in the forest sector	Number of forest sector fatalities and serious injuries		U
Effective relationships				
	Cooperative and collaborative agreements with First Nations and Communities	Percent of BC Timber Sales volume sold managed under a form of agreement		U
A high performing organization with skilled, motivated, and proud people				
	Continuously improve BC Timber Sales operations and practices	WES Staff Engagement Score		A
	Transparent & Effective Communications			

Goal 1: Be a credible reference point for costs and pricing of timber harvested from public land in British Columbia

Creating a globally competitive, market-based operating climate is a key aspect of the Forest Sector Strategy in the BC jobs Plan. BC Timber Sales directly supports a market-based operating climate by providing credible data for costs and pricing of timber harvested from public land in BC. Through the achievement of this goal BC Timber Sales also contributes to the achievement of the Ministry's Service Plan objective to "Generate revenue from B.C.'s natural resources."

For BC Timber Sales data to be credible, it is important for the volume of market transactions to be at a level sufficient to support the Ministry's Market Pricing System (MPS). BC Timber Sales tracks the timber volume it auctions as a percent of the total timber volume projected to be harvested each year as an indicator of its success in developing and auctioning a sufficient volume of timber to establish credible costs and pricing within an environment of changing market conditions and demand.

Performance Measure	2013/14 Target	2013/14 Performance	
BCTS Auction volume as a percent of projected provincial harvest volume	**22%**	**19.8%**	**Under Achieved**

Measure Description: *BC Timber Sales timber volume auctioned (Section 20 Timber Sales Licences) in the year as a percent of the total projected provincial harvest volume for the year.*

Results:

A combination of operational issues and a lack of resourses prevented the achievement of our target to advertise 14.6 million cubic metres or 22 percent of the projected provincial harvest of 66 million cubic metres. BC Timber Sales advertised 13.1 million cubic metres during the year, resulting in a 9% percent underachievement against target.

Although BC Timber Sales did not achieve its target timber volume offered compared to the projected provincial harvest it did auction 21 percent of the actual provincial harvest volume of 63 million cubic metres providing a suficient volume of timber to support the Market Pricing System given the market issues..

In collaboration with the Ministry auction theory experts were engaged to provide an independent analysis and opinion on the risks and potential impacts to market pricing related to decreasing BC Timber Sales apportionment. This work confirmed that our target of auctioning 20% of the projected provincial harvest was appropriate to support the MPS.

Objective 1: BC Timber Sales data is complete, accurate, reliable & verifiable

For BC Timber Sales to be a credible reference point and support sound business decisions, it is critical that our data be complete, accurate, reliable and verifiable. Within this context being a credible reference point involves all data related to carrying out our business, not just cost and pricing data used in the Market Pricing System. A key to BC Timber Sales achieving this objective is the quality and integrity of all cost, pricing and resource management data used to achieve business and resource management objectives.

Performance Measure	2013/14 Target	2013/14 Performance	
Data Quality Management System (DQMS)	DQMS Developed	DQMS Developed "not approved"	**Substantially Achieved**

Measure Description: *Data Quality Management System in place*

Results:

A BC Timber Sales Data Quality Management System framework was completed but was not yet approved by year end. Work continued towards ensuring BC Timber Sales data is complete, accurate, timely and consistent in support of our cost and financial accounting, and business and performance management requirements. Development of the BC Timber Sales Cost Accounting System, as a method to allocate all direct and indirect costs to cut blocks was also put on hold due to a lack of resources. Work with the Pricing Branch within the Ministry continued to ensure our data used for market pricing is accurate, complete and reliable.

Objective 2: Timber sales sold through auction, in total, provide the Ministry with sufficient data to support the Market Pricing System

A key strategy in the Ministry's Service Plan is to ensure that BC Timber Sales continues to provide credible data to establish market-based stumpage rates. This means that BC Timber Sales has to develop and auction sufficient timber sales to provide statistically credible data to the Market Pricing System.

There is no single measure that completely demonstrates BC Timber Sales' success in providing the Ministry with sufficient data. The following measure – new for 2013/14 – indicates BC Timber Sales success in auctioning timber that holistically is representative of the timber species and grades being harvested by the Major Licensees.

Performance Measure	2013/14 Target	2013/14 Performance	
Percent of BCTS auction volume harvested compared to that of Major Licensees (for each significant species and grade)	**80%**	**Coast 100%** **Interior 89%**	**Achieved**

Measure Description: *The percent of volume harvested from BC Timber Sales' auctioned volume (Timber Sales Licences) as a percentage of the total timber volume harvested from BC Timber Sales auctioned volume is within 5 percentage points of the volume harvested by the Major Licensees as a percentage of the total timber volume harvested by the Major Licensees for each major species and grade 80% of the time.*

Results:

During the year BC Timber Sales continued to monitor and review trends in collaboration with the Pricing Branch of the Ministry of Forests, Lands and Natural Resource Operations, and take appropriate actions to ensure the number of timber sale transactions in each timber attribute group satisfies the needs of the Market Pricing System. In total BC Timber Sales auction volume harvested on the coast over the year was within 5 percentage points of the percent harvest by the Major Licensees for each species and grade 100 percent of the time. In the interior BC Timber Sales volume harvested was within 5 percentage points of the Major Licensees by species and by grade 89 percent of the time.

During the year Business Area timber sales schedules were published and modify, as required to ensure the number of timber sale transactions in each timber attribute group for BC Timber Sales as a whole satisfies the needs of the Market Pricing System. We also started work on a five year view of timber supply and BCTS sales volume by management unit to support future decisions. This review is expected to be completed in fiscal 2014/15.

Goal 2: Provide a reliable supply of timber to the market, through open & competitive auctions - subject to meeting the requirements of cost & price referencing

Providing a reliable, competitive supply of fibre to market is a significant objective of the Forest Sector Strategy in support of creating a globally competitive, market-based operating climate and prosperous rural forest economies. Achievement of this BC Timber Sales goal also directly contributes to the Ministry goal of "Productive, thriving natural resource sector and resilient communities."

A reliable supply is defined as a predictable supply of timber that meets market needs. Since inception BC Timber Sales has offered over 143 million and sold 117 million cubic metres of timber though competitive auctions in rural forest economies. The development, auction, harvesting and processing of this timber has helped create and sustain over 10,000 direct and 11,000 indirect jobs and supported rural communities over the last ten years.

Performance Measure	2013/14 Target	2013/14 Performance	
Timber Volume Sold (millions of cubic metres)	**12.8**	**11.4**	**Under Achieved**

Measure Description: *Timber volume sold is an indicator of BC Timber Sales' success in analyzing market conditions and providing a reliable supply of timber to the market that our customers see as economically viable.*

Results:

The timber volume auctioned was 1.6 million cubic metres or 11% percent less than target, due to a lack of staff resources and contract delays. As a result, the timber volume sold was 1.4 million cubic metres or 10% percent less than target. The volume sold was slightly higher due to a lower than anticipated number of auctions receiving no bids.

Objective 1: Develop sufficient timber to optimize timber volume offered

One aspect to providing a reliable supply to the market is to optimize the amount of timber available for offer at auction. This means developing sufficient and appropriate volumes of timber inventory to provide Business Areas with the flexibility to react to market conditions within the requirements of being a credible reference point.

Performance Measure	2013/14 Target	2013/14 Performance	
Timber Volume Developed (millions of cubic metres)	**13.8**	**12.1**	**Under Achieved**

Measure Description: *Timber volume developed is the annual amount of timber developed and ready for advertising and auction.*

Results:

Ten of 12 Business Areas did not achieve their production targets for the year. A lack of contractor capacity, staff resources and poor weather were the primary reasons for the short fall. The 1.7 million cubic metres of underproduction will limit the flexibility of some Business Areas to react to market conditions in the future.

In total the volume of developed timber inventory at year end available for sale in 2014/15 was just over one year's worth of projected harvest volume. BC Timber Sales' strategy is to manage timber development at the Business Area level to ensure the volume of developed timber inventory is greater than one year but does not exceed two years of projected harvest, balancing the need for creating inventory flexibility with the need to minimize total inventory levels to manage cash flows and reduce inventory risk. While overall BC Timbers Sales had a sufficient inventory of developed timber to sell not all Business Areas had sufficient inventory of developed timber.

During the year BC Timber Sales also continued to explore opportunities to work cooperatively or in partnership with other stakeholders to increase available timber volume that can be developed for auction by BC Timber Sales and provide mutual benefits.

Objective 2: The volume of timber supplied to the market by BC Timber Sales is reliable

Reliability of timber supply is also important to BC Timber Sales achieving this goal. BC Timber Sales shows reliability in supply through predictability by advertising and auctioning timber consistent with its annual sales plans.

Performance Measure	2013/14 Target	Quarter 4 Performance	
Percent of timber volume advertised in the quarter planned	90%	74%	Under Achieved

Measure Description: *The percent of total timber volume advertised in the quarter planned as set out in annual Business Area sales plans.*

Results:

Business Area staff continued to try and maintain a critical focus on provincial and local timber markets and on market needs by listening to customers and performing market analysis at a program and Business Area level. Despite this strategy BC Timber Sales struggled to provide a reliable supply of timber to the market consistent with its published Sales Plans. Contractor capacity issues combined with a lack of internal resources resulted in an underachievement in each quarter during the year.

		Number of Business Areas That:		
Quarter	Performance	Achieved Target 90 to 110		Did not achieve Target <90 or >110
1 - April.- June	86%	9		3
2 – July – Sept.	64%	6		6
3 – Oct – Dec	66%	6		6
4 – Jan - March	74%	8		4

Economic Prosperity – Maximise Net Revenue for the Province

Goal 3: Maximize net revenue for the Province - subject to the requirements of cost and price referencing and supplying timber for auction

This goal supports the provincial government and the ministry as major contributors to the current and future economic health of the Province. It also directly contributes to the Ministry's objective to, "Generate revenue from B.C.'s natural resources." In addition, BC Timber Sales operates under a self financing Special Account and must over the long term generate sufficient revenue to finance its cash requirements (i.e. earn a profit).

Since inception BC Timber Sales has earned over $360 million in Net Revenue for the Province.

Performance Measure	2013/14 Target	2013/14 Performance	
Net Revenue (Millions)	$29.5	$77.3	Over Achieved

Measure Description: *Net revenue is a key indicator of the success of BC Timber Sales in sustaining operations and generating value and revenue return for the Province. The measure is calculated as gross revenue less capitalized expenses.*

Results:

Although projected harvest volumes during the year were not realized BC Timber Sales exceeded its Net Revenue target for the year by $47.8 million or 162%. This overachievement was largely based on increasing demand and the higher prices received from the timber that was harvested during the year. The average price paid for BC Timber Sales timber during the year was $20.33 per cubic metre. This represents a $3.72 per cubic metre or 22% increase over the prior year.

Objective 1: Increase or maintain gross profit margin

Gross profit margin is a key financial indicator used to assess the profitability and efficiency of a company's core activity. In the case of BC Timber Sales that core activity is planning, developing, and auctioning Timber Sales Licences.

It is a measurement of how much revenue is earned from each cubic metre of timber harvested after deducting the costs of goods sold and roads amortization per cubic metre that is available to cover overhead, and other expenses such as Silviculture Liability Expense and profits. Without a sufficient profit margin on its timber BC Timber Sales would be unable to adequately fund its financial obligations such as Administrative Overhead and Silviculture Liability Expense.

An organization can increase or maintain its gross profit margin by holding unit costs constant and increasing gross revenues, by maintaining constant gross revenues and decreasing unit costs, or by increasing gross revenues and decreasing unit costs.

Performance Measure	2013/14 Target	2013/14 Performance	
Gross Profit Margin per cubic metre harvested	**$8.72/m3**	**$13.32/m3**	**Over Achieved**

Measure Description: *Gross profit margin = (Gross revenue less Cost of Goods Sold less Roads amortization) divided by Volume Harvested. The gross profit margin per cubic metre shows how much profit on average BC Timber Sales is extracting out of each cubic metre of timber harvested.*

Results:

During the year BC Timber Sales continued to develop and implement continuous improvement strategies such as "Lean" to increase gross profit margins at a corporate and Business Area level. Primarily as a result of increased prices resulting in increased gross revenue and other strategies resulting in slightly lower costs, BC Timber Sales over achieved its Gross Profit Margin target for the year by $4.60 per cubic metre harvested or 53 percent. This Gross Profit Margin is a $3.72 per cubic metre increase over the previous year.

Objective 2: Increase efficiency & cost effectiveness to control or reduce period costs while maintaining customer value

Controlling and reducing costs within the requirements of cost and price referencing and supplying timber for auction is a key part of BC Timber Sales' efforts to maximize net revenue. Increasing the efficiency and effectiveness of processes will ensure that the organization continues to have sufficient financial resources to deliver on its current mandate and core business. BC Timber Sales will achieve this objective by focusing its continuous improvement activities on the following key period costs; Silviculture Liability Expense, Administrative Overhead (Salaries, Admin), Road and Bridge Maintenance, and Harvest Conformance.

Performance Measure	2013/14 Target	2013/14 Performance	
Period costs (capitalized) per cubic metre of volume harvested	**$6.20/m3**	**$5.84/m3**	**Over Achieved**

Measure Description: *Cost per cubic metre = (Silviculture Liability Expense + Administrative Overhead (Salaries, Admin) + Road and Bridge Maintenance + Harvest Conformance) divided by volume harvested. This measure shows how well BC Timber Sales is managing its non-inventory development and non-capital road construction costs.*

Results:

BC Timber Sales over achieved its performance target for the year. The actual period cost per cubic metre of volume harvested was $0.36 per cubic metre or 6% better than target. Government hiring restrictions and BC Timber Sales cost mitigation strategies contributed to the overall costs savings.

Objective 3: Maximize revenue and pursue business opportunities to increase revenues

As the forest sector recovers and demand for timber increases the prices being bid and paid by customers for BC Timber Sales volume was expected to continue to increase. As well the volumes sold and harvested were also expected to increase over this time. Together they were expected to produce increased gross revenue over the prior year.

Performance Measure	2013/14 Target	2013/14 Performance	
Gross Revenue (Millions)	$187.3	$233.9	Over Achieved

Measure Description: *Gross revenue earned by BC Timber Sales is a measure of its performance in maximizing revenues earned and contributing towards maximizing net revenue.*

Results:

During the year BC Timber Sales continued to regularly assess market demand to ensure it could take advantage of opportunities to generate new or increased stumpage revenues. While the amount of timber harvested increased over the prior year the increase was less than projected. At the same time the prices paid for BC Timber Sales' volume increased more than projected. As a result, Gross Revenues were $46.6 million or 25 percent more than target.

Sustainable Resources – Sustainable Forest Management

Principle 1: Sustainable Forest Management

High-quality forest and environmental management practices are integral to our mandate, the way we conduct business and in providing sustainable forest benefits to British Columbians.

Objective1: BC Timber Sales is recognized as demonstrating sound forest management.

Certification of forestry activities is a best practice in forestry and sustainable resource management, and is important for market access. BC Timber Sales is committed to achieving and maintaining third-party certification of our forestry operations. In collaboration with licensees, permit holders and contractors we have achieved International Organization for Standardization (ISO 14001) certification of an Environmental Management System in all Business Areas.

Performance Measure	2013/14 Target	2013/14 Performance	
Percent of timber volume certified under a SFM system	**100%**	**100%**	**Achieved**

Measure Description: *Percent of BC Timber Sales Business Areas with SFM certification, such as Canadian Standards Association (CSA), Sustainable Forestry Initiative (SFI), or Forest Stewardship Council (FSC). This measure is an indicator of BC Timber Sales' success in demonstrating and being recognized for having sound forest management practices.*

Results:

During the year BC Timber Sales continued to proactively engage in emerging forest management initiatives such as species at risk recovery and ecosystem based management in cooperation and consultation with other government agencies, industry and stakeholders.

BC Timber Sales achieved 100 percent of its apportioned volume certified to one of three major forest certification standards. Percentage certification by standard is currently 80% SFI, 19% CSA, and 1% FSC.

In addition, BC Timber Sales has also been participating;

- in the review of the 2015-2019 Sustainable Forestry Initiative (SFI) standard,

- as a member of the Canadian Standards Association (CSA) Technical Committee on Sustainable Forest Management (SFM) in the periodic review of the CSA Z809 SFM standard,
- in the review of the Forest Stewardship Council (FSC) Draft 2 International Generic Indicators (D2 IGI), and
- in the CSA User Group, the PEFC Canada National Governing Body and the Western Canada SFI Implementation Committee (WCSIC).

Objective 2: Deliver on stewardship obligations

It is the policy of BC Timber Sales to:

- Comply with all relevant environmental legislation, regulations and the other requirements to which we subscribe;
- Strive for excellence in forest management by continually improving the performance of resource management activities and practices;
- Maintain a framework that sets and reviews environmental objectives and targets, and promotes the prevention of pollution associated with BCTS forestry activities;
- Monitor and evaluate key program forestry operations;
- Communicate business activities and policies to all staff and make them available to the public.

Performance Measure	2013/14 Target	2013/14 Performance	
Number of EMS/SFM external audit major non-conformances	**Zero**	**Three**	**Under Achieved**

Measure Description: *The absence of major non-conformances in external audits is a measure of BC Timber Sales' success in delivering on its stewardship obligations.*

Results:

During the year BC Timber Sales continued to regularly conduct internal audits of our operations and use the findings to continuously improve practices. We also ensured all our silviculture obligations and industrial road deactivation obligations were recognised and effectively discharged.

All three major audit non-conformances incurred were from a FSC audit in Haida Gwaii .

1. Incomplete landscape projections for seral stage, patch size and interior habitat.
2. Missing adaptive management strategies to form the basis for evaluating the effectiveness of the measures employed through the management strategy, and

3. Impacts of the management activities of another legal tenure holder within the TSA on the achievement of management plan.

On average BC Timber Sales experienced less than two minor non-conformances per Business Area during the year. All major and minor non-conformances have action plans in place and are being actively addressed.

To address its silviculture and road deactivation obligations BC Timber Sales planted 33.4 million seedlings, and deactivated 242 km of road during the year.

Through our Seedling Services we ensured a secure supply of seeds for future BC Timber Sale needs; and an effective and reliable supply of quality seedlings to meet our obligations. During the year Seedling Services acquired 255 kilograms of seed and provided 35.2 million seedlings for our obligations.

Objective 3: Productive future forests

Addressing future shortfalls in the timber supply caused by catastrophic disturbance is the leading priority for the current reforestation and timber supply mitigation programs of the Ministry through the Forests For Tomorrow (FFT) program. One of the program's goals is to: Improve the long term timber supply and establish resilient forest ecosystems and habitat, through reforestation. BC Timber Sales supports the Ministry's goal by providing quality seedlings and by using its economies of scale and expertise to deliver silviculture services through contracts for FFT on a cost recovery basis.

Performance Measure	2013/14 Business Plan	2013/14 Target	2013/14 Performance	
Hectares of Ministry NSR planted	**11,780**	**8,059**	**6,328**	**Under Achieved**

Measure Description: *The Ha of Ministry NSR planted by BCTS for the Forests for Tomorrow program indicates the incremental contributions of BC Timber Sales towards productive future forests above its own reforestation obligations.*

Results:

During the year BCTS continued to collaborate with Forests For Tomorrow to use BC Timber Sales skills, infrastructure and economies of scale to reduce costs and increase the outputs FFT can achieve from available funding and reduce BC Timber Sales fixed costs. During the year the FFT budget allocation to BCTS was decreased from 8,059 hectares to 6,328 hectares. In total 21 percent of the final FFT planting outputs were delivered by BC Timber Sales.

BC Timber Sales' Seedling Services provided 24.2 million seedlings for the Forests for Tomorrow program and District needs during the year.

During the year BC Timber Sales also delivered:

- 34,410 hectares of surveys, 1,927 hectares of site preparation, and 220 hectares of brushing for FFT; and,
- 923 watershed assessments for fish passage for the Land Base Investment Program.

Principle 2: Forest Sector Safety

Objective 1: Safe BC Timber Sales practices and worksites

A safe and healthy workplace is integral to the success of BC Timber Sales and the organization is strongly committed to the safety of all individuals affected by its operations – employees, contractors, licensees and the public. BC Timber Sales advocates and promotes increased safety awareness and a culture of safety in all its practices and operations.

BC Timber Sales Safety Policy:

- **BCTS is committed to maintaining an organisational culture where all staff proactively participate to ensure a safe and healthy workplace as a fundamental component of everyday business.**
- **BCTS supervisory personnel will be accountable for ensuring employees are properly trained for their jobs, making employees aware of safety hazards, ensuring unsafe action or conduct is not tolerated in the workplace, and endorsing sound health and safety work practices on a daily basis.**
- **BCTS workers will be accountable for conducting their work activities in accordance with sound health and safety practices and will endorse these practices to their fellow workers.**

The organization is committed to continually improving safety in the forest sector and having safe worksites by demonstrating and promoting safe forest management practices and implementing a systematic approach to safety in all areas.

Performance Measure	2013/14 Target	2013/14 Performance	
Medical Incidence Rate (MIR) per 100 FTEs	**Decrease**	**Decrease**	**Achieved**

Measure Description: *The Medical Incidence Rate is the number of recordable medical incidences (incidents of employees referred to medical aid) per 100 full time equivalent employees per year. It provides an indication of the effectiveness of BC Timber Sales' safety management* program.

Results:

BC Timber Sales successfully completed an external re-certification audit. As a result of the successful audit, our SAFE Company certification was extended through 2015. A Management Review of the safety program was also undertaken during the year and through the Safety Working Group its recommendations are in the process of being implemented to increase the efficiency of the program.

The 2011 baseline Medical Incidence Rate (MIR) per 100 Full Time Equivalents (FTEs) was 3.07. For the most recent data available for 2012 the MIR per 100 FTEs decreased to 2.1. The Lost Time Injury Rate per 100 FTEs where workers have applied for compensation for a work-related injury for BCTS was zero in 2013.

Objective 2: Improve safety in the forest sector

In the past fatalities and serious injuries were at an unacceptably high level in the British Columbia forest industry for many years. BC Timber Sales responded to this critical situation, by subscribing to the Health and Safety Accord of the British Columbia Forest Industry, which states that all fatalities and injuries are preventable and by supporting the Forest Safety Council mission to eliminate all fatalities and serious injuries in the forest sector. While BC Timber Sales or any other single entity cannot control safety within the sector BC Timber Sales believes that it has the responsibility to support and through its actions and policies promote and contribute towards the common goal.

Outcome Indicator	2013/14 Target	2013/14 Performance	
Number of forest sector fatalities and serious injuries	**Reduction**	**Increase**	**Under Achieved**

Outcome Description: *A reduction in the number of forest sector fatalities and serious injuries indicates progress towards the goal of the Forest Safety Council of zero fatalities and serious injuries.*

Results:

BC Timber Sales continued to support and through its actions and policies promote and contribute towards the common goal to eliminate all fatalities and serious injuries in the forest sector. During the year BC Timber Sales required all parties working on Timber Sale Licences or bidding on contracts that involve on the ground field work to be SAFE certified. It also continued as a member of BC Forest Safety Council, promoting workplace safety in the forest sector and collaborated with and supported the rest of the Ministry in their safety efforts.

Principle 3: Effective relationships

Effectiveness in building and maintaining strong relationships is critical to delivering superior, enduring performance. Opportunities without relationship lack imagination and action without relationship lacks conviction. Operating on the land base BC Timber Sales is inextricably linked to First Nations, communities and our stakeholders such as: clients, customers, the forest industry, and the Ministry of Forests, Lands and Natural Resource Operations for success.

Objective 1: Cooperative and collaborative agreements with First Nations and Communities

Consistent with government's goals for New Relationships with First Nations and Aboriginal People and its commitments to rural communities and families, BC Timber Sales recognizes that effective and productive relationships are integral to effectively engaging with First Nations that have aboriginal interests and communities with forest sector interests (such as community forest agreements) associated with the BC Timber Sales program.

By working collaboratively through a business to business relationship there are opportunities to gain efficiencies and more effectively manage our resources adding value and achieving mutual benefits greater than we would have achieved individually.

Performance Measure	2013/14 Target	2013/14 Performance	
Percent of BC Timber Sales volume sold managed under a form of agreement	**Increase**	**Decreased**	**Not Achieved**

Measure Description: *The percent of BC Timber Sales volume sold that is managed under a formal agreement with a First Nation or a community indicates BC Timber Sales success in developing effective business relationships with others operating on the land base.*

Results:

During the year a corporate framework, strategy and policy guidance for pursuing business to business opportunities was developed. In 2013/14 BC Timber Sales entered into one new agreement bringing the total number of agreements to 87. Only one Timber Sale Licence was auctioned under a form of agreement in 2013/14, for a total volume of 34,389 m3.

Objective 2: Effective Relationships with Stakeholders

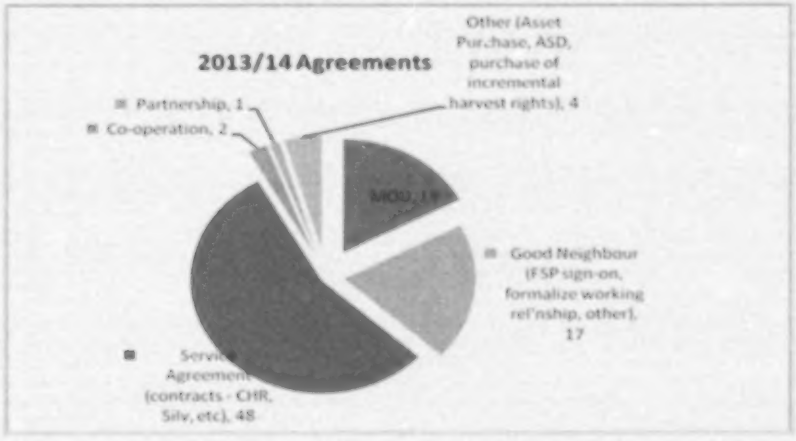
BC Timber Sales has many stakeholders such as customers, suppliers, others within the Forest Sector and the Ministry that interact with, contribute to, or rely on BC Timber Sales in one form or another. These stakeholders in trusting, mutually beneficial relationships with BC Timber Sales support its long term success; they are key collaborators and partners that BC Timber Sales relies and depends upon - they are invested in the success of BC Timber Sales.

Results:

BC Timber Sales continued to meet government's relationship objectives and deliver superior and enduring performance. On February 6, 2014, the BC Timber Sales Account Regulation came into effect in support of one form of collaborative agreement. This regulation provides BC Timber Sales the authority to spend and receive money related to the development, auction and harvest of timber volume that is incremental to its core volume under such agreements.

Virtually all of BC Timber Sales Business Areas have some form of business agreement, totalling over 87 agreements. These agreements range from protocol agreements most commonly in the form of memoranda of understanding and good neighbour agreements to partnership agreements. BC Timber Sales also continued discussions with First Nations and rural comminutes, many of whom are forest tenure holders, with a view to entering into additional mutually beneficial agreements across the province.

BC Timber Sales also continued to collaborate with First Nations Relations Branch and other government agencies' to support the BC First Nations Forestry Council. This program assists First Nations students' development of their skills and knowledge of the forest industry with a goal of building capacity for First Nations to be full partners in the sector.


2013/14 Agreements
Other (Asset Purchase, ASD, purchase of incremental harvest rights), 4
Partnership, 1
Co-operation, 2
MOU, 19
Good Neighbour (FSP sign-on, formalize working rel'nship, other), 17
Service Agreement (contracts - CHR, Silv, etc), 48

Goal 4: A high performing organization with skilled, motivated, and proud people

To effectively realize its vision, achieve its mission and goals, deliver superior performance, and make a distinct and lasting impact, BC Timber Sales needs to be a high-performing organization whose employees are skilled, motivated and proud of what they do. BC Timber Sales believes that "Only those with Excellent Processes and Excellent People will truly excel". To achieve this BC Timber Sales and its people are committed to continuously learn, innovate and lead themselves through change in the pursuit of excellence and has embraced Lean as the next step in our continuous improvement.

Lean is not just a set of tools or a waste reduction methodology. It is a system of philosophy, processes, people, and problem solving that is striving for excellence. BC Timber Sales has two objectives supporting this goal:

- Excellence in operations, practices and processes; and,
- Excellence in people.

Performance Measure	2013/14 Target	2013/14 Performance	
WES Staff Engagement Score	**Increase**	**63**	**Achieved**

Measure Description: *The Workforce Engagement Survey is conducted by BC Stats and measures the overall engagement of staff. The staff engagement is an indicator of peoples' level of commitment to, and satisfaction with, their job and organization the survey is conducted biannually with the next survey in the spring of 2013.*

The Government Workforce Engagement Survey results for 2013/14 were released during the year. The overall engagement score for BC Timber Sales increased from 62 to 63 points.

Objective 1: Excellence in BC Timber Sales operations and practices and processes.

Results:

BC Timber Sales Role and Effectiveness Review

During the year an external consultant conducted a review of our role and effectiveness in response to a letter of expectations from the Premier. The letter of expectations tasked the Minister to examine the role and effectiveness of BC Timber Sales and bring forward recommendations for improvement to Cabinet. The review was conducted in two phases, Phase 1 addressing role and Phase 2 examining how to maximize effectiveness in fulfilling its role. Phase 1 recommendations were considered by Cabinet in February of 2014 and direction was provided on a revised and strengthened role for BC Timber Sales starting in Fiscal 2014/15 as follows.

Goal:

To provide credible representative price and cost benchmark data for the Market Pricing System (MPS) through auctions of public timber.

Objectives:

1. **Sell the full BCTS allowable annual cut (AAC) over the business cycle, consistent with safe practices and sustainable forest management.**
2. **Generate net direct revenue and indirect provincial government revenue over the business cycle.**
3. **Pursue continuous business improvement within BCTS, across government and with third party partners and customers.**

Lean Continuous Improvement

The BCTS Lean Continuous Improvement Framework and Strategy was developed and approved for implementation to increase the effectiveness of practices and processes. In addition, BCTS was requested by the Public Service Agency to be part of the Government Lean Training development team and collaborated on the development of Lean training courses for BC Timber Sales and broader government.

Due to resource constraints our Lean Champions were only able to conduct six of the 26 planned Kaizen continuous improvement workshops at the local level. However, two significant corporate level Lean Kaizen workshops (Provincial deposit release, Safety issue reporting, investigation, tracking) were undertaken to improve efficiency and effectiveness of operations and processes.

Opportunities Review

As part of our commitment to continuous improvement and the ever changing natural resources management landscape BCTS undertook a review of how it can not only continue to provide value, but also how it might increase its value to the province. The BCTS Opportunities Review looked for incremental opportunities to expand or enhance business internally within existing business lines. The review also explored activities currently external to BCTS which might enhance our mandate and overall value to government.

Quality Assurance

ISO 9001 Contracting Quality Management System (CQMS) was implemented and contract Management training in support of the quality management system continued. As of March 31, 2014 95% of people now have all the contract management training required for their positions as set out under the CQMS. In addition, ongoing Quality Assurance audits were undertaken to continuously improve both contracting practices and Timber Sale Licence Tender Packages.

Technology

During the year pilot activities involving LiDAR and mobile devices (iPads) were undertaken as part of a corporate strategy to make effective use of technology to improve the efficiency of operations and to provide staff with the technology to do their jobs more effectively. BC Timber Sales also joined with BC Bid to begin to develop and implement electronic bidding for Timber Sales Licences to improve the effectiveness of processes for our customers.

Objective 2: Excellence in People

The pursuit of excellence in our people is of critical importance to the long term success of BC Timber Sales. We are pursuing excellence in people through three main initiatives – our People Practices Strategic Plan, BCTS Lean implementation, and the Ministry's People Development Plan. While these initiatives are distinct they are complementary and serve to reinforce each other to provide a comprehensive framework of our pursuit of excellence.

Results:

BCTS Lean

People are the key to any successful implementation of Lean. It is people who improve processes and develop products; those doing the work take responsibility for doing it better; and, the capabilities of those people matter. Most Lean activities are not sustained because they fail to build the capability for Lean within the organization. In BC Timber Sales we are not implementing "Lean solutions" we are developing people to achieve challenging goals through a clearly defined improvement process. Therefore to properly implement Lean within BC Timber Sales we must develop our own expertise Lean is not just a toolkit or a methodology – Lean is a culture and to build that culture our people need to understand the deeper philosophy of Lean. People in the process need to learn a new way of thinking, and some real skills to enable them to improve the process themselves or it will be a one-off process change, and over time you will see the improvements degrade. Through our Lean Framework and strategies BC Timber Sales will develop a culture of Lean thinking that will support our versatility and ensure our endurance.

As a result of our collaboration with the Government Lean Training development team, BC Timber Sales was approved to deliver government Lean training internally to meet our needs. By the end of the year over 95 percent of BC Timber Sales staff had received initial Lean awareness training and six percent had received further supervisor/practitioner Lean training.

Strategic People Practices

Work commenced on developing a new corporate strategy for attracting capable and talented people that bring knowledge, skills and experience that will support and strengthen our business success. An Organizational Development Review focusing on recruitment and retention challenges was completed in partnership with the Public Service Agency Business Consulting group. However, with the imposition of a government hiring freeze this initiative was deferred.

During the year BC Timber Sales began to renew our focus on engaged staff by supporting our people through training, development and recognition. A new learning strategy was developed and implemented and BCTS recognition policy and program was renewed. In addition a BCTS Training Matrix was developed to ensure organizational consistency in training. Work also began on implementing an expanded online learning program. However, a lack of internal resources resulted in a deferral of further expansion.

During the year BC Timber Sales also took steps to integrate our people development strategies with the Ministry's People Development Framework.

Business Acumen

During the year work continued to increase the business acumen of staff to increase operational effectiveness. Our suite of performance measures was improved with new measures being added to focus efforts and a business performance dashboard was designed. A new performance and accounting course was developed focusing on net revenue at a Business Area level to enhance peoples' understanding of how operational decisions impact on financial performance.

Working Groups

A review of our system Working Groups was also completed to support the renewal of BCTS Teams (Working Groups) with a focus on continuous improvement. However, actions on the report recommendations were deferred due to resource constraints.

Contract Management Training

A key objective of our Contracting Quality Management System is that all BCTS people have appropriate levels of contracting knowledge and competency. As of March 31, 2014 95, percent of staff had completed all the required contracting courses for their positions.

APPENDIX 1 Financial Results– 2013/14 Income Statement

		2012/13 (millions)		2013/14 (millions)
GROSS REVENUE		**$175.1**		**$233.8**
CAPITALIZED EXPENSES				
Cost of Timber Inventory Harvested				
Administration/Salaries	$28.9		$32.2	
Planning and Sales	$22.1		$25.5	
Access - Amortization	$29.7		$28.9	
Sub – total Cost of Timber Inventory Harvested		**($80.7)**		**($86.6)**
Period Costs				
Silviculture Liability Expense	$39.1		$38.9	
Road and Bridge Maintenance	$7.4		$7.3	
Harvest Conformance	$0.3		$0.5	
Administrative Overhead	$24.3		$24.8	
Recoveries	($1.2)		($1.5)	
Sub- total Period Costs		**($69.9)**		**($70.0)**
Prior period expenses over-accrual		$0.3		$0.2
NET REVENUE		**$24.8**		**$77.4**

APPENDIX 2 Financial Results– Selected Balance Sheet Items

		2012/13 (millions)		2013/14 (millions)
Silviculture Liability		**($92.6)**		**($100.3)**
Inventory Value of Developed Timber				
Timber Inventory – Opening Balance	$124.6		$122.5	
Timber Developed	$48.9		$60.1	
Timber Available for Sale	$173.5		$182.6	
Cost of Timber Inventory Harvested	($51.0)		($57.7)	
Timber Inventory – Closing Balance		**$122.5**		**$124.9**
Roads				
Book Value	$699.4		$720.3	
Accumulated Amortization	($442.9)		($466.4)	
Net Book Value		**$256.5**		**$253.9**
Deactivation Liability		**$4.7**		**$7.5**
Seed Inventory		**$21.9**		**$22.0**

APPENDIX 3 Resource Summary Results– 2013/14

	2013/14 Targets	2013/14 Actual	Variance
Special Account Opening Balance ($millions)	**$213.1**	**$213.1**	
Gross Revenue	$187.3	$233.8	$46.6
Less: Expenses (Capitalised)	(157.8)	(156.6)	(1.2)
Net Revenue (Loss)	**$29.5**	**$77.4**	**$47.8**
Financing Transactions ($millions)			
Cost of Developed Timber Inventory	($58.9)	($57.7)	($1.7)
Fish Habitat Inventory	(0.3)	(0.1)	(0.2)
Seed Inventory	(2.7)	(22.0)	(19.3)
Total Financing Transactions	**($61.9)**	**($79.8)**	**($17.9)**
Capital Expenditures ($millions)			
Capital - Roads	($27.0)	($28.9)	($1.9)
Capital – Non- Roads	(0.5)	(0.2)	(0.3)
Total Capital Budget	**($27.5)**	**($29.1)**	**($1.6)**
Special Account Ending Balance ($millions)	**$231.6**	**$258.4**	**$26.8**
Cash Expenditures ($millions)			
Administration	$15.4	$12.2	($3.2)
Salaries	44.8	41.3	(3.5)
Planning	4.0	3.8	(0.2)
Sales	32.9	31.9	(1.0)
Access	28.1	27.2	(0.9)
Silviculture	33.9	32.4	(1.5)
Land Base Investment - Expenditures	11.5	11.9	0.4
Land Base Investment - Recoveries	(12.8)	(13.3)	(0.5)
Total Cash Expenditures	**$158.0**	**$147.5**	**($10.5)**
Non-Cash Budgets ($millions)			
Amortization – Roads	$28.3	$29.0	($0.8)
Amortization – Non roads	0.5	0.2	(0.3)
Silviculture Liability Expense	30.3	38.9	4.1
Cost of timber inventory harvested	59.8	56.1	3.7
Timber Volume Outputs (Mm3)			
Volume Advertised (Offered)	14.5	12.9	(1.6)
Volume Sold	12.8	11.4	(1.4)
Volume Developed	13.8	12.1	(1.7)
Volume Scaled (Harvested)	12.0	11.0	(1.0)

Appendix 4 – Historical Resource and Performance Summary

	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual
Operating Revenues and Expenses ($millions)											
Gross Revenue	$185.7	$266.1	$273.7	$273.7	$243.8	$145.9	$117.0	$133.6	$136.6	$175.1	$233.9
Less: Expenses (Capitalized)	(84.7)	(115.9)	(148.9)	(178.0)	(197.8)	(168.8)	(172.4)	(149.1)	(135.3)	(150.6)	(151.2)
Net Revenue (prior to EOI)	$101.0	$150.2	$124.8	122.4	$46.0	($22.9)	($55.4)	($15.5)	$1.3	$24.5	$77.3
Less Extraordinary Item (note 1)					(115.6)					$0.3	
Net Revenue (Loss)	$101.0	$150.2	$124.8	$122.4	($66.6)	($22.9)	($55.4)	($15.5)	$1.3	$24.8	$77.3
Annual Cash Working Capital Expenditures by Activity ($millions)											
Administration & Overhead	$15.2	$19.7	$19.9	$22.7	$31.9	$31.5	$25.4	$11.4	$12.7	$28.9	$12.2
Salaries	33.6	39.3	44.5	46.1	45.1	45.6	46.3	42.7	41.1	40.9	41.3
Planning	-	13.7	8.1	7.3	6.7	5.7	3.3	2.6	3.0	3.3	3.8
Sales	23.6	30.4	33.6	27.7	30.3	30.9	22.4	15.9	17.9	22.3	32.0
Access	27.9	40.0	53.1	46.3	44.1	45.4	27.3	18.0	20.4	21.4	27.3
Silviculture	35.8	39.1	41.9	51.1	60.1	59.8	42.2	30.9	30.8	31.9	32.4
Forest Investment Account – LBIP	-	-	-	$2.3	3.0	5.5	1.8	(0.2)	(0.4)	(1.2)	(1.5)
Total Working Capital Expenditures	$136.1	$182.2	$201.1	$203.5	$221.2	$224.4	$168.7	$121.3	$125.5	$129.8	$147.6
Capital IM/IT and Equipment	$0.7	($0.4)	$0.2	$0.4	$0.4	$0.4	$0.4	$0.1	$0.3	$0.3	$0.2
Capital Road Construction	$29.3	$39.7	$51.8	$45.4	$49.2	$44.5	$22.5	$16.9	$29.5	$29.7	$29.0
Total Capital Expenditures	$30.0	$39.3	$52.0	$45.8	$49.6	$44.9	$22.9	$17.0	$29.8	$30.0	$29.2
TIMBER VOLUME OUTPUTS (millions of cubic metres)											
Volume Advertised (Mm^3)	11.7	11.4	14.6	15.2	14.6	16.3	14.7	13.9	13.4	12.5	13.0
Volume Sold (Mm^3)	9.6	9.9	12.6	13.5	11.7	11.4	10.6	11.3	11.1	10.5	11.4
Volume Developed (Mm^3)	12.6	15.4	17.7	16.3	14.9	14.2	11.6	8.9	8.8	10.9	12.1
Volume Scaled (Mm^3)	7.9	10.0	12.9	13.45	13.2	10.0	11.4	10.8	9.4	10.0	11.0
UNIT COSTS ($/m3)											
Total Capital Costs/m^3 Harvested	$10.72	$11.59	$11.54	$13.06	$14.98	$16.88	$15.12	$13.81	$14.39	$16.82	$20.33
Silviculture Costs/m^3 Harvested	$4.56	$3.93	$3.24	$4.20	$4.55	$5.98	$3.70	$2.86	$3.28	$3.19	$2.95

Appendix 5 - Glossary

Bid Price – The price per cubic metre of timber bid by customers during auctions of Section 20 Timber Sale Licences.

Billed Rate – The average revenue obtained per cubic metre of timber harvested and scaled.

Capitalized Expenses – The total costs associated with developing and selling the timber harvested in the year, post-sale activities such as harvest conformance; post-harvest activities such as silviculture; and period costs such as administrative overhead and road maintenance.

Cash Expenditures – The costs of developing and selling timber inventory for future harvest plus, post-harvest activities such as silviculture, and period costs such as administrative overhead and road maintenance.

Certification – Forest certification is a voluntary tool available to forestry organizations who want to demonstrate corporate responsibility by having their forest management planning and practices independently certified against a sustainable forest management standard that goes beyond regulatory requirements and takes environmental, economic and social values into consideration.

Cruise Based Timber Sale - A competitively auctioned timber sale where the price is a single total price based on the cruise data for the timber sale rather than a price per cubic metre of timber scaled.

Customers – Individuals and/or companies that are registered in the program and others that are not registrants, but rely on BC Timber Sales' timber as an input to production.

Full-time Equivalent (FTE) – The equivalent of one person working 1,827 hours in one year.

Goals – Goals are the ends that BC Timber Sales wants to achieve in fulfilling its mandate and mission. Goals are long-range outcomes that guide an organization's efforts in moving towards a desired future state.

Gross Revenue – The sum of all BC Timber Sales revenue collected from stumpage and annual fees and billings (annual rent, trespass charges, scaling fees and registration fees) incidental to the operation of the program and sale of logs.

Inputs – The resources used by the organization to produce its outputs. The key inputs of BC Timber Sales are its employees, public forests, and the organization's financial, contracted and partnership resources.

Key Outcome Indicators – Key outcome indicators represent key results related to an organization's goals, which often are not directly attributable to its business activities.

Lump Sum Timber Sale Licence – A competitively auctioned timber sale where the price is a single total price rather than a price per cubic metre of timber scaled.

Market Pricing System – The system used in British Columbia to determine the price of Crown timber for major forest tenures, based on market value and cost data from BC Timber Sales.

Mission – Describes the reason for BC Timber Sales' existence. It defines what BC Timber Sales does, why it does it and for whom.

Net Revenue – The remainder of Gross Revenues less Capitalized Expenses.

Objective – A broad time-phased accomplishment required to realize the successful completion of a strategic goal. Objectives are specific statements about desired business results.

Outcomes – Long-term results of the activities and outputs of the organization. Logic models are used to link outcomes to business activities.

Outputs – The deliverables or products produced by the organization. The key outputs of BC Timber Sales are the volumes developed, offered, sold and harvested (scaled).

Performance Measures – Measurable factors of significant importance to the organization in achieving the strategic goals and objectives. A performance measure is a quantified, time specific measure used to indicate the degree of success the Ministry has in achieving its goals, objectives and strategies.

Strategies – The activities that, by their implementation, will lead to the achievement of an objective.

Targets – Performance targets express pre-set quantifiable performance levels to be attained at a future date.

Upset Price – The starting price for auction bidding on timber sales.

Values – An expression of BC Timber Sales' core principles and fundamental beliefs that inform the organization's management style, organizational principles and rules of personal and organizational behaviour.

Vision – A clear, concise and compelling picture of the organization's preferred future.

Volume Advertised – The timber volume advertised for auction by BC Timber Sales.

Volume Developed – The volume of timber developed as inventory for sale by BC Timber Sales.

Volume Managed – The total volume of timber being managed by BC Timber Sales. In addition to Section 20 Auction Timber Sale Licences, this includes volumes associated with legacy tenure types awarded by the Small Business Forest Enterprise Program that are still being managed by BC Timber Sales (e.g. Section 21 Bid Proposal Sales and Non-replaceable Forest Licences).

Volume Offered – The timber volume offered for sale to customers.

Volume Scaled – The volume of timber harvested by BC Timber Sales licensees.

Volume Sold – The volume of timber sold to BC Timber Sales' customers.